

3. Further, the FCC states that “[a] portion of contribution, profits, or markup may also be considered ‘attributable to costs that will be avoided’ when services are sold wholesale,” FCC Order at ¶ 913;
4. Under the FCC criteria, “[a]n avoided cost study may not calculate avoided costs based on non-cost factors or policy arguments,” FCC Order at ¶ 914;
5. The FCC Order also provides that the Federal Act “precludes use of a ‘bottom up’ TSLRIC study to establish wholesale rates that are not related to the rates for the underlying retail services,” FCC Order at ¶ 915;
6. The FCC notes in its Order that “[w]e neither prohibit no require use of a single, uniform discount rate for all of an incumbent LEC’s services,” FCC Order at ¶ 916;
7. According to the FCC Order, the direct costs in the following Uniform System of Accounts (“USOA”) accounts are presumed avoidable:
 - 6611-product management
 - 6612-sales
 - 6613-product advertising
 - 6621-call completion services
 - 6622-number services (also referred to as directory assistance)
 - 6623-customer services (including billing and collection costs)

SWBT may rebut the presumption of avoidance by showing costs will be incurred for wholesale activities or that the costs are not in the retail price, FCC Order at ¶ 917;

8. Under the FCC Order, ¶ 918, indirect expenses in the following USOA accounts are presumed to be avoided in proportion to the avoided direct expenses:
 - 6121 to 6124-general support expenses
 - 6711, 6712, and 6721 to 6728-corporate operations expenses
 - 5301-telecommunications uncollectibles;
9. FCC Order also provides that “[p]lant-specific and plant non-specific expenses (other than general support expenses) are presumptively not avoidable.” FCC Order at ¶ 919. The new entrant may rebut the presumption by showing that any of those costs can be reasonably avoided; and
10. Finally, the FCC Order states that “based on the record before us, we establish a range of default discounts of 17-25% that is to be used in the absence of an avoided cost study that meets the criteria set forth above,” FCC Order at ¶ 932.

MCI presented through its witness Klaus an aggregate study of SWBT's avoided costs that is virtually identical in approach to the FCC's model, except for the substitution of separated intrastate data to recognize that it is only the intrastate rates and avoided retail costs of SWBT - Missouri that are at issue here. While the FCC approach of using costs in the denominator is the preferred method, MCI believes that revenues may properly be substituted, *provided* the numerator is also adjusted to include the carrying costs associated with general support facilities and thereby maintain an internally consistent approach in calculating the avoided cost ratio. MCI's aggregate study produces a discount for SWBT-Missouri of 19.63% (Klaus Direct, p. 2, Appdx. I.).

The AT&T Avoided Cost Study (ACC) presented by AT&T witness Ms. Denise Crombie study produces a recommended permanent wholesale discount of 28.61% for SWBT in Missouri. The ACC study identifies SWBT costs and revenues associated with retail activities in the combined local, toll and private line services market. The end result is a percentage that should be used to uniformly reduce SWBT's local, toll and private line services retail rates in order to reflect the relevant retail costs avoided. The recommended permanent percentage reduction of 28.61% was calculated consistent with the FCC's criteria for avoided costs studies necessary for setting permanent wholesale rates. Available and readily verifiable cost data in the avoided cost study filed by AT&T in this proceeding support a retail cost reduction well above the maximum FCC default rate of 25%.

The FCC Order authorize states to establish interim wholesale discounts within a default range of 17-25%. AT&T recommends that permanent wholesale rates for SWBT services subject to resale be based upon a wholesale discount percentage of 28.61% while MCI's recommendation is 19.63%. If this Commission declines to impose a discount based on a cost study at this time, the PSC should

order an interim retail cost reduction of 25% which is more than supported by readily available cost data.

37. **What charge should be assessed by SWBT to AT&T and MCI for changing local carriers?**

SWBT proposed that a local carrier conversion charge of \$25 be assessed to AT&T and MCI to establish service for a SWBT customer who wants to switch to AT&T or MCI (Jackson Rebuttal, at p. 3-6). AT&T and MCI maintain that customer change charges should be reasonable and non-discriminatory, and should be based on the actual cost of performing the change. Further, the FCC expressly concluded that with regard to customer changeover charges, the states should determine reasonable and non-discriminatory rates. (FCC Order ¶970). AT&T recommends that the current \$5.00 interLATA PIC change charge should be adopted per change order until SWBT provides viable change charge TELRIC studies. (Gaddy Direct, pp. 44-46). SWBT witness Jackson stated that SWBT's \$25 conversion charge was "based upon the Cost Study referenced in the Rebuttal testimony of Ms. Barbara Smith." (Jackson Rebuttal, at p. 5). Yet, when Ms. Smith, on cross-examination, was asked about this carrier change cost study she stated that "it was omitted from my testimony." (Tr. P. 205). Ms. Smith later stated that the study was only "preliminary," and she further admitted that she had not even had time to review it (Tr. P. 206). Therefore, since no evidentiary basis exists for SWBT's proposed \$25 customer conversion charge, it is only appropriate that the Commission adopt the current \$5.00 PIC change charge until such time as a valid and appropriate TELRIC cost study for customer conversions can be developed.

38. What use limitations should apply to SWBT's tariffed services which are resold by AT&T or MCI?

Other than the restriction pertaining to the cross class selling of residential service to non-residential customers, and the limitation of the resale of certain means-tested services only to those users eligible to receive the service from the incumbent LEC, the FCC found all other restrictions on resale to be presumptively unreasonable. The FCC specifically found: "Such resale restrictions are not limited to those found in the resale agreement. They include conditions and limitations contained in the incumbent LEC's underlying tariff ... In a competitive market, an individual seller (an incumbent LEC) would not be able to impose significant restrictions and conditions on buyers because such buyers turn to other sellers. Recognizing that incumbent LECs possess market power, Congress prohibited unreasonable restrictions and conditions on resale. (...) Given the probability that restrictions and conditions may have anticompetitive results, we conclude that it is consistent with the procompetitive goals of the 1996 Act to presume restrictions and conditions to be unreasonable and therefore in violation of section 251(c)(4)." FCC Order ¶939. (Emphasis added.)

If SWBT wishes to retain any restrictions other than those specifically cited by the FCC it must demonstrate why those restrictions are reasonable and narrowly tailored. Contrary to SWBT's Mr. Jackson's contention (Jackson, Direct, pp. 11-25; Rebuttal pp. 6-7), use limitations are in fact resale restrictions as indicated by ¶939 of the FCC Order. Under SWBT's view, a "use limitation" that limits the use of a service to one particular end user would not be a resale restriction. However, the FCC specifically finds that a new entrant may aggregate the traffic of more than one end user in order to meet minimum volume requirements. FCC Order, ¶953. This concept is further emphasized later in the FCC Order where the FCC specifically allows the "resale of flat-rated offerings to multiple end

users, even if the incumbent LECs have not always priced such offerings assuming these usage patterns." FCC Order, ¶¶963. SWBT's proposed restriction would impose a limitation on the customers which can use SWBT's PLEXAR services in violation of the principles put forth in the FCC Order, ¶¶953 and 963.

Mr. Jackson also expresses concern that elimination of this restriction would allow a new entrant to purchase PLEXAR services for resale instead of purchasing unbundled network elements as a means for providing local exchange services. This concern proves to be illustrative of one of the key principles of resale and its value in moving previously monopoly markets toward competition.

Prices set for unbundled network elements are to be set based on their forward-looking, long-run incremental cost. A new entrant should be able to purchase unbundled network elements and use them to provide its own PLEXAR-like service to end users free of single customer restrictions. Therefore, PLEXAR services should be priced at levels which are at least equal and likely would exceed those for its unbundled network element components. If that is the case, then SWBT should have no problem lifting the restriction. Allowing new entrants to purchase PLEXAR and other services without the single customer restrictions will act as a check on anticompetitive pricing behavior between the services SWBT offers its end users and the unbundled elements it is required to make available to its competitors.

With respect to SWBT's proposal to limit the resale of optional calling plans such as MCA and 1+Saver, the FCC's Order addresses this issue and would allow the aggregation of multiple users' traffic under these plans. FCC Order ¶¶953, 963. Further, it appears that SWBT has abandoned its initial position of limiting the resale of such plans. (TR.1522-3).

39. **Should SWB be required to permit its customers currently under contract to abrogate their contracts in order to accept proposals from AT&T or MCI?**

Fresh look opportunities maximize customer choice. The Commission should allow any SWB customer that is involved in any contract a fresh-look window to determine if it wants to maintain the contract or to change local service providers without incurring termination, disconnect, or any other penalties which would otherwise result from such termination.⁴² Many of the long-term contracts were entered into at a time when competition between local service providers did not exist. Fresh look enables a customer the opportunity to look for better prices, terms, and conditions once new entrants are able to provide the service. The FCC has previously ordered a fresh look opportunity for customers of 800 services when 800 number portability was implemented, even though 800 services had been available from multiple providers. P. Gaddy Direct, ATT Ex. 44, at 37. In the event that the Commission declines to adopt a fresh look opportunity, at a minimum, the Commission should explicitly find that new entrants should be able to assume a contract with an existing SWB customer without penalty upon approval of the end user.

40. **Should SWB be required to provide AT&T and MCI with a 45-day notice before changing the price of an existing service or a 90-day notice before implementing a new service?**

Yes. For services resale to have the beneficial effect as anticipated in the FCC Order, it is essential that SWB be required to provide new entrants notice of new promotions or products/service introductions, changes to existing services, changes to EAS exchange and calling scope, and the sale

⁴² Fresh look should be provided for any kind of term contract, not just PLEXAR contracts. Customers with high capacity or customer-specific contracts should at least be provided with the opportunity to make choices since they did not have those same choices when they entered into the term contracts.

of exchanges within a minimum notification period. The Applicants propose a 45-day prior notification for changes in price and 90-day prior notification for other events. N. Dalton Direct, ATT Ex. 41, at 31-32.

The importance of prior notification in a services resale context cannot be underscored enough. SWB's proposal to notify new entrants of new services/products--via the "Accessible Letter," which will be sent to an LSP when a tariff is filed with the Commission--does not provide new entrants with adequate notice. SWB's proposed process for new or changed offerings may not apply to other significant events that can affect new entrants in the services resale environment. The Commission should broadly require that the notification to new entrants of all such changes and developments be *equivalent--in terms of timing, content, and detail--to that which SWB provides its own engineering and technical, marketing, billing and collection, and other affected personnel*. Otherwise the LSP will be put at a significant competitive disadvantage in preparing for the introduction of new or changed services. All promotional discounts should be applied to LSPs who purchase the promoted service for resale, even where the promotional period and promotional price are available for less than 90 days. The danger with excepting promotions of less than 90 days is that, in actual practice in the marketplace, the exception can be abused so that the line between a "promotional" and a more permanent retail price becomes quite blurry indeed, giving the ILEC an unfair competitive advantage over an LSP seeking to resell the same service. R. Klaus Direct, MCI Ex. 60, at 8.

In the event the Commission does except promotional discounts of some duration less than 90 days, *it is imperative that the Commission carefully distinguish in its order between the avoided cost element and the truly "promotional" element of the total discount offered by SWB. A reselling*

LSP should still receive the former even if the latter is excepted. For example, if SWB's avoided costs represent 25% of the normal retail price or "permanent" rate of \$10.00, but SWB offers the service to retail customers at \$6.50 for the promotional period, an LSP purchasing the service for resale should still receive the \$2.50 avoided cost discount. Then the LSP can decide whether to match, partially match, or even exceed the additional \$1.00 discount offered by SWB through "loss leadering" of its own during the promotional period. It is essential that the truly "promotional" element of the total discount be distinguished in this fashion if promotional discounts are to serve procompetitive rather than anticompetitive purposes as the FCC envisioned when it stated: "We recognize that promotions that are limited in length may serve procompetitive ends through enhancing marketing and sales-based competition and we do not wish to unnecessarily restrict such offerings." FCC Order ¶949.

41. What performance standards should be required?

Under Section 251(c)(2)(C) of the Act, SWBT must provide interconnection to MCI and AT&T "that is at least equal in quality to that provided to ... itself or to any subsidiary, affiliate, or other party...." The FCC concluded that equality of quality means meeting the same technical criteria and service standards, whether or not perceptible to end users. FCC Order at para. 224. The demand for such equality extends to the resale arena as well. See FCC Order at para. 970. This equality of quality is critical to competition. (Russell Direct at JR-1 p.2-3, Dalton Direct at 35).

To achieve such equality, there must be quantitative standards, regular reporting of compliance, rights to audit, and penalties. Otherwise, SWBT will be free to follow its natural incentive to hinder competition. (Russell Direct at JR-1 p. 6-8).

There are performance standards and reporting requirements through MCI's proposed Interconnection Agreement, specifically tailored to the wide variety of functions involved. (Russell Direct at JR-2). Audit rights are set forth in Section A, 22. (Id.). Penalties for performance standards failures are set forth in Attachment X. (Id.). All of these provisions stand unrefuted and should be adopted for MCI. AT&T seeks to develop similar standards and protective measures. (Dalton Direct at 37-38).

42. What should be the other terms of interconnection?

The Commission should approve the Interconnection Agreements proposed by MCI and AT&T herein, subject to reconciliation of such agreements to the Commission's decision on the foregoing issues and submission of the reconciled agreements by a date certain for approval by the Commission under Section 252(e) of the Act. (Russell Direct, JR-2, Tr. at 1108, 1098, Dalton Direct at 3).

It is critical to keep in mind that SWBT would not even have acknowledged requests for interconnection from MCI and AT&T but for the enactment of the Telecommunications Act of 1996 and Missouri SB 507. Moreover, as the FCC has repeatedly recognized, even with the new legislation SWBT has "scant, if any, economic incentive to reach agreement" with MCI and AT&T on the terms and conditions of interconnection. See FCC Order at para. 141. MCI and AT&T have "little to offer" SWBT, and seek to take away customers. Id. SWBT has "superior bargaining power." Id. Throughout its testimony, SWBT makes clear it plans only to do what it is compelled to do by the Act, the FCC and this Commission. For all these reasons the Act created the arbitration

process to compel SWBT to agreement. Id. at para. 134. (Goodfriend Direct at 8-9 [citing FCC Order at para. 10, 15, 55, 1065] Russell at Tr.1108).

The FCC expressly contemplated that this Commission and the other state commissions would have to arbitrate entire agreements. Id. Similarly, the Eighth Circuit Court of Appeals recognized in the Stay Order that the arbitration remedy was designed to “arrive at an arbitrated agreement.” See Stay Order, slip op. at 12.

Absent complete relief from this Commission, addressing all aspects of the proposed Interconnection Agreements, it is unlikely SWBT will ever enter into such agreements with MCI and AT&T. (Russell at Tr. 1108). If the Commission were only to rule upon specific issues as SWBT suggests, then after the decision MCI and AT&T would be relegated back to their positions of unequal bargaining power relative to all issues of interconnection not specifically addressed by the Commission. SWBT would still have no incentive to reach agreement. All efforts to date would be for naught, and MCI and AT&T would be compelled to start the process all over again by requesting interconnection anew and proceeding to re-arbitrate all issues. Even then, the cycle could simply go on and on. SWBT would thereby succeed in its efforts to stall the advance of competition from its strongest potential rivals, in clear contradiction to the purposes of the Act and SB 507. To prevent such a blatant frustration of legislative intent, the Commission needs to adopt the Interconnection Agreements proposed by MCI and AT&T subject to the resolution of the specific issues litigated herein by SWBT and the negotiation of open issues such as the term of the Agreement.⁴³

⁴³ For similar public policy reasons, the Federal Service Impasses Panel has authority to compel parties to enter an agreement. See 5 USC 7119(c)(5)(B)(iii); Council of Prison Locals v. Brewer, 735 F2d 1497, 1501 (DC Cir 1984). The public interest, whether in the continuing labor of federal employees or the development of telecommunications competition, demands that impasses in negotiations be broken promptly.

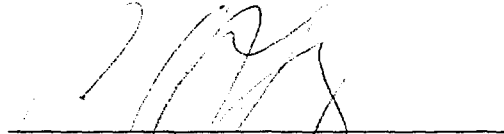
It is appropriate to adopt these Interconnection Agreements subject to reconciliation with the Commission's order on specific issues because, except for the specific issues litigated herein, SWBT has offered the Commission no evidence against the agreements. (Tr. at 1098). Given SWBT's obligation under Sections 251 and 252 of the Act to interconnect with MCI and AT&T as requesting carriers, and given that its bargaining position would allow it to arbitrarily reject any proposal made by MCI and AT&T, it is not only appropriate but also essential that SWBT carry the burden of proving that any specific part of such a proposal is unreasonable. To the extent SWBT opposes any portion of the proposed agreements it should have to prove its defense that the request is unreasonable by producing specific network and business information which would only be available to it in the first place. See, e.g., 29 Am Jur 2d Evidence, Sections 160-61. To the extent SWBT has not raised a specific challenge, the Commission should deem the proposed agreements reasonable. Id. Because SWBT did not elicit specific testimony from its witnesses or otherwise offer evidence against the agreements, it should be presumed that it did not have such evidence. See, e.g., 29 Am Jur 2d Evidence, Sections 245, 254. ⁴⁴

⁴⁴SWBT's attempt to overwhelm the Commission with a "battle of the forms", by suggesting that its refusal to negotiate from the agreements proposed by the requesting carriers and insistence upon negotiating from its own form document somehow compels the Commission to engage in a line-by-line comparison of the documents, should be rejected out of hand as bad faith obstruction of negotiations. See 47 CFR 51.301(c)(6). The prior proposals of the requesting carriers should be presumed reasonable. MCI and AT&T need interconnection, and SWBT wants desperately either to put it off or to make it as restrictive as it can to obstruct competition. Such motivations make it appropriate to presume the request for interconnection are reasonable and SWBT's generic opposition is unreasonable and in bad faith. See, e.g., NLRB v. Reed & Prince MFG. Co., 205 F2d 131, 134-35 (1st Cir 1953), cert den 346 US 887 (evidence of bad faith if "can find nothing whatever to agree to in an ordinary current-day contract submitted")..

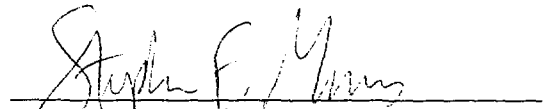
For similar reasons, the Commission needs to set a deadline for the parties to reconcile the Agreements with the Commission's decision on the issues contested by SWBT herein. Otherwise, SWBT will have every incentive to drag out the reconciliation process as long as possible to delay competition. The time schedule should be very short - a month or less (Dalton, Tr. 1050). In such a timeframe, the parties should be able to revise the proposed agreements to meet the Commission's decision on specific issues and submit them for approval under Section 252(e) of the Act.

Respectfully Submitted,

CURTIS, OETTING, HEINZ,
GARRETT & SOULE, P.C.



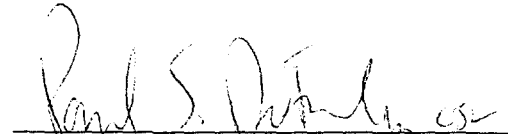
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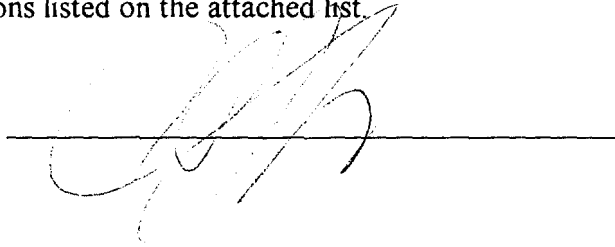


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Certificate of Service

A true and correct copy of the foregoing was hand delivered this 8 day of November, 1996, to the persons listed on the attached list.

A handwritten signature in dark ink, appearing to be "J. P. Smith", is written over a horizontal line.

Paul G. Lane
Diana J. Harter
Leo Bub
Southwestern Bell Telephone Co.
100 N. Tucker Blvd., Room 630
St. Louis, MO 63101

Michael F. Dandino
Senior Public Counsel
Office of Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

SWB #1

PUC DOCKET NOS. 16226 AND 16285

DOCKET NO. 16226	§	PUBLIC UTILITY COMMISSION
PETITION OF AT&T	§	
COMMUNICATIONS OF THE	§	OF TEXAS
SOUTHWEST, INC. FOR COMPULSORY	§	
ARBITRATION TO ESTABLISH AN	§	
INTERCONNECTION AGREEMENT	§	
BETWEEN AT&T AND SOUTHWESTERN	§	
BELL TELEPHONE COMPANY	§	
	§	
	§	
DOCKET NO. 16285	§	
PETITION OF MCI	§	
TELECOMMUNICATION	§	
CORPORATION AND ITS AFFILIATE	§	
MCIMETRO ACCESS TRANSMISSION	§	
SERVICES, INC. FOR ARBITRATION	§	
AND REQUEST FOR MEDIATION	§	
UNDER THE FEDERAL	§	
TELECOMMUNICATIONS ACT OF 1996	§	

STIPULATION REGARDING RESALE SERVICES

AT&T Communications of the Southwest, Inc. (AT&T), MCI Telecommunications Corporation and MCImetro Access Transmission Services, Inc. (MCI) and Southwestern Bell Telephone Company (SWBT) (collectively referred to herein as the Parties) are continuing to negotiate to resolve unresolved issues regarding Resale Services raised in this proceeding. Since the time the Parties filed their testimony with the Public Utility Commission of Texas (Commission), the Parties have resolved the issues set forth herein. As a result of this agreement, the issues raised in the Commission's Decision Points List Nos. I and II have been resolved between the Parties hereto in the manner set forth herein.

The Parties hereby agree and enter into the following Stipulation Regarding Resale Services in this proceeding as follows:

1. The Parties agree that those services identified on Exhibit A attached hereto will not be made available for resale by SWBT to any Local Service Provider (LSP).
2. The Parties agree that all of those services identified or referred to on Exhibit B will be made available for resale by SWBT to all LSPs at the level of discount identified on Exhibit B.
3. The Parties will file with the Commission a matrix listing those services available for resale by SWBT to all Local Service Providers in a form similar to that used in AT&T Exhibit 5 (excluding the associated language on pp. 1-5), including the wholesale discount rate established by this Commission. This matrix will be provided to all parties of record within seven (7) business days following release of any order of the Commission in this proceeding establishing discount whole percentages, whether on an interim or final basis. It is anticipated that this matrix will be filed with the Interconnection agreements that will result from the Commission's order in this proceeding.
4. The Parties have not reached any agreement regarding whether promotions of 90 days or less should be offered to LSPs at the wholesale discount that will be ordered by this Commission in this proceeding. The Parties have agreed, however, under paragraph 950 of the Federal Communications Commission Order of August 8, 1996 (96-98) "short-term" promotions are limited in length to no more than ninety (90) days for the length of the period during which the promotion may be offered to the public, and to no more than ninety (90) days for the period during which any and all benefits from the promotion must be realized or captured by the customer; and (2) that the customer must begin receiving the benefit during the offering period.
5. The Parties have further agreed that, for purposes of resold services:
 - (1) all basic residential and business end-user customers of any LSP will receive a basic listing in SWBT's White Pages directories in the same form and under the same conditions as SWBT provides to its customers;
 - (2) upon receipt of a request from Southwestern Bell Yellow Pages for end user listing information, SWBT will provide to Southwestern Bell Yellow Pages the LSP end user's listing information on an interfiled basis and indistinguishable from SWBT's end user listing information; and

- (3) each LSP end user customer will receive a copy of Southwestern Bell's White Page directory, as well as a Southwestern Bell Yellow Pages' directory when co-bound with the White Pages, in the same manner and at the same time that they are also provided to SWBT's end user customers. It is the Parties' expectation that separately bound Southwestern Bell Yellow Page directories will be delivered in the same manner and at the same time to LSP end user customers as to SWBT's end user customers. The Parties have agreed that all of the services provided by SWBT referenced in this paragraph are included in the wholesale price and will be provided by SWBT at no additional charge.

AT&T, MCI and SWBT hereby agree to the agreements as outlined in items 1 through 6 of this Stipulation.

AGREED TO:

Nancy M. Dalton
Name: *Nancy M. Dalton*

Authorized Representative for
AT&T Communications of the
Southwest, Inc.

Thomas J. Hare
Name: *Thomas J. Hare*

Authorized Representative for
Southwestern Bell Telephone Company

AGREED TO:

J. Alan Holman
Name: *J. ALAN HOLMAN*

Authorized Representative for
MCI Telecommunications Corp.

EXHIBIT A

Services Not Offered For Rental

EDS/LAN

Customer Provided Equipment

Customized Billing Reports

Inline Products

Inside Wiring Products

Semi-Public Telephone Booths and Enclosures

911 Universal Emergency Number Equipment

EXHIBIT B (page 1 of 2)**1. Available for Resale at Retail Rates**

The Parties have agreed that the following services will be made available for resale by SWBT to all LSPs at the tariff rate for each such service (or in the event that such service is not tariffed, at the rate charged to end-user customers, except as otherwise noted):

- Construction Charges
- Distance Learning¹
- Connections with Terminal Equipment and Communications Systems
- Maintenance of Service Charges
- Suspension Services²
- Telecommunications Service Priority Systems
- Access Services
- 976 Information Delivery Service
- Cellular Mobile Telephone Interconnection Services
- Exchange Connection Services
- Shared Tenant Service³

2. Available for Resale at Five Percent (5%) Discount

The Parties have agreed that the following services will be made available for resale by SWBT to all LSPs at a discount of five percent (5%) off of the tariff rate (or in the event that such service is not tariffed, at the rate charged to end-user customers, except as otherwise noted):

- Bill Plus
- Consolidated Billing

¹ Distance Learning discount is in addition to the discounts for the underlying services provided.

² Suspension of Service discounts apply to the discounted rate for the underlying service.

³ When an LSP resells Shared Tenant Service, the LSP will receive the discount associated with the underlying service used in the shared tenant arrangement.

EXHIBIT B (page 2 of 2)**3. Available for Resale at Wholesale Discount**

The Parties have agreed that the following services will be made available for resale by SWBT to all LSPs at the wholesale discount rate ordered by the Public Utility Commission of Texas in this Proceeding.

- A. All services identified or referred to on Revised Attachment 3 to Mr. Eugene Springfield's testimony filed in this proceeding on September 19, 1996.
- B. All services identified or referred to on AT&T Exhibit 5 except those previously listed, filed with the Public Utility Commission of Texas in this proceeding on September 19, 1996.
- C. In addition to those services identified or referenced in 3(A) and 3(B) above, the following services will be made available for resale by SWBT to all LSPs:
 - 1. Customized Service Contracts (e.g., FDDI);
 - 2. Enhanced Directory Listings;
 - 3. Prepaid Card;
 - 4. Joint User Services; and
 - 5. Any other Telecommunications Service provided to SWBT's end user customers on a retail basis that are not telecommunications carriers subsequently identified by any Party which has not been included in Exhibit A or Exhibit B of this Stipulation.

RESTIA.DOC

EXHIB.DOC

11-8-96

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of AT&T Communications)
of the Southwest, Inc.'s Petition for)
Arbitration pursuant to Section 252 (b))
of the Telecommunications Act of 1996) Case No. TO-97-40
to Establish an Interconnection Agreement)
with the Southwestern Bell Telephone Company)

Petition of MCI Telecommunications)
Corporation and its Affiliates,)
Including MCImetro Access Transmission)
Services, Inc. for Arbitration and) Case No. TO-97-67
Mediation Under the Federal Telecommunications)
Act of 1996 of Unresolved Interconnection)
Issues with Southwestern Bell Telephone Company)

STIPULATION REGARDING RESALE SERVICES

AT&T Communications of the Southwest, Inc. (AT&T), MCI
Telecommunications Corporation and MCImetro Access Transmission
Services, Inc. (MCI) and Southwestern Bell Telephone Company (SWBT)
(collectively referred to herein as the Parties) are continuing to
negotiate to resolve unresolved issues regarding Resale Services
raised in this proceeding. Since the time the Parties filed their
testimony with the Missouri Public Service Commission (Commission),
the Parties have resolved the issues set forth herein.

The Parties hereby agree and enter into the following Stipulation
Regarding Resale Services in this proceeding:

1. The Parties agree that those services identified on Exhibit A attached hereto will not be made available for resale by SWBT to any Local Service Provider (LSP).
2. The Parties agree that all of those services identified or referred to on Exhibit B will be made available for resale by SWBT to all LSPs at the level of discount identified on Exhibit B.

3. The Parties will file with the Commission a matrix listing those services available for resale by SWBT to all Local Service Providers in a form similar to that included in AT&T's Petition for Arbitration in Appendix 9, Attachment 1: Resale, Pricing Schedules I, II and III, including the wholesale discount rate established by this commission. This matrix will be provided to all parties of record within seven (7) business days following release of any order of the Commission in this proceeding establishing wholesale discount percentages, whether on an interim or final basis. It is anticipated that this matrix will be filed with the Interconnection Agreements that will result from the Commission's order in this proceeding.
4. The Parties have not reached any agreement regarding whether promotions of 90 days or less should be offered to LSPs at the wholesale discount that will be ordered by this Commission in this proceeding. The Parties have agreed, however, under paragraph 950 of the Federal Communications Commission Order of August 8, 1996 (96-98):
 - (1) "short term" promotions are limited in length to no more than ninety (90) days for the length of the period during which the promotion may be offered to the public, and to no more than ninety (90) days for the period during which any and all benefits from the promotion must be realized or captured by the customer; and
 - (2) That the customer must begin receiving the benefit during the offering period.
5. The Parties have further agreed that, for purpose of resold services:
 - (1) all basic residential and business end user customers of any LSP will receive a basic listing in SWBT's White Pages directories in the same form and under the same conditions as SWBT provides to its customers;
 - (2) upon receipt of a request from Southwestern Bell Yellow Pages for end user listing information, SWBT will provide to Southwestern Bell Yellow Pages the LSP end user's listing information on an interfiled basis and indistinguishable from SWBT's end user listing information; and
 - (3) each LSP end user customer will receive a copy of Southwestern Bell's White Page directory, as well as a Southwestern Bell Yellow Pages directory when co-bound with the White Pages, in the same manner and at the same time that they are also provided to SWBT's end user customers.

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It is the Parties' expectation that separately bound Southwestern Bell Yellow Page directories will be delivered in the same manner and at the same time to LSP end user customers as to SWBT's end user customers. The Parties have agreed that all of the services referenced in this paragraph are included in the wholesale price and will be provided by SWBT at no additional charge.

AT&T, MCI and SWBT hereby agree to the agreements as outlined in items 1 through 5 of this Stipulation.

AGREED TO:

Name: _____

Title: _____

Authorized Representative for
AT&T Communications of the
Southwest, Inc.

Name: _____

Title: _____

Authorized Representative for
Southwestern Bell Telephone
Company

AGREED TO:

Name: _____

Title: _____

Authorized Representative for
MCI Telecommunications Corp. and
MCImetro Access Transmission
Services, Inc.